Mott. II-27—46,006—18-12-30.

Development (1931) Department.

MS SERIES.

G.O. No. 1489

1489

DATED 13-10-1931

[Despatch Abstract.]

Co-operative Societies

Liquidation - The Panemangalore Co-operative Building Society - Recovery of Government dues - Opinion communicated.

Mangalore

Dev. 2449-III
28-8-31 C.F. 30.

Co-operative **DEPARTMENT.**

Received ..... 19 . *Registered* 19

SECRETARIAT
27 AUG 1931
DEVELOPMENT

Subject.

LIQUIDATION - Panemangalore Co-operative Building Society - Recovery of Government dues.

ENCLOSURES.
No. .....
Spare copies .....

No. F3495/31

Station Camp: Vizianagaram *Dated the* 24th August 19 31.

From (Name) M.R.Ry. Rao Bahadur K.Deivasikhamani Mudaliyar Avl.,
(Designation) Ag. Registrar of Co-operative Societies,
Madras.

To The Secretary to the Government of Madras,
DEVELOPMENT Department.

Sir,

The Panemangalore Co-operative Building Society in the South Kanara district was granted Government loans to the extent of Rs.8,475/- for the construction of houses for its members. The loans were not repaid. The society has since been liquidated. The houses built by the members have been mortgaged to Government and the loans have to be recovered only by their sale. The liquidator has passed contribution orders against the defaulters. The Revenue Department is executing the

orders. The houses have been attached and are being put up for auction.

2. The Deputy Registrar of Co-operative Societies, Mangalore, reports that members are likely to combine at the sale and prevent outsiders from bidding. The houses are situated in Moplah quarters and are constructed in a manner suited for habitation by Moplahs alone. Outsiders fear molestation and are afraid to bid for these houses.

3. In order to overcome the combination of the members and in order to defeat their object of frustrating the sales and causing loss to Government, the liquidator (Deputy Registrar, Mangalore) will have to bid and take possession of the houses with a view to find suitable purchasers later on. But under section 36 of the Revenue Recovery Act II of 1864, the purchaser has to deposit 15% of the purchase price in cash at the time of purchase and pay the balance within 30 days. Even if the highest bidder happens to be the decree creditor, to liquidate whose claims the sale is conducted, the provisions of the Act have to be complied with. The liquidator will have therefore, to deposit the money in cash and he will be unable to do this as he has not got enough funds.

Not fully

(Deputy Registrar of Co-operative Societies, Mangalore)

4. In order to safeguard the interests of Government, the liquidator will have to be exempted from the rule regarding the payment of 15% of the purchase money at the time of the sale. He can give a voucher as having received the amount paid by him at the time of the sale. Both transactions will be simultaneous and a similar arrangement could be made before confirmation of the sale in regard to the balance of the purchase money. I request that the Government may be pleased to permit the Collector to adopt the above procedure in the case of sales of houses of the Panemangalore Co-operative

Building Society in order to enable the liquidator (Deputy Registrar, Mangalore) to bid at the auction on behalf of Government, if there are no other suitable purchasers forthcoming. As the sales are proposed to be conducted on 5th October 1931, I request that the Government may be pleased to pass early orders.

I have the honour to be,
Sir,
Your most obedient servant,

K Devasekaram

Ag. Registrar.

JRS 24.8.31

Dev Dept

Liquidation - The Panemangalore Cooperative Building Society - Recovery of Govt dues.
CNO 2449 III/31.

To U.S.

p.14

The Regr reports that the Panemangalore Society which was granted a loan of Rs 8475/- by Govt for building houses has failed and that the Society has been liquidated. The liquidator who has passed Contribution orders against the defaulters has to recover the loans only by the sale of the houses which have been mortgaged to Govt for the loan so lent. The houses are being put up for auction by the Rev authorities. It is feared by the Dy Regr Mangalore that members are likely to combine at the sale and prevent outsiders from bidding at the auction and thus cause loss to Govt. To avert this combination the liquidator who is the Dy Regr will have to bid at the auction and take possession

para 2 on p. 2 C.F.
G

b

of the houses till he finds a suitable purchaser later on.

Reference is solicited to Section 36 of the Revenue Recovery Act II of 1864, which requires that "A sum of money equal to 15% of the price of the land shall be deposited by the purchaser in the hands of the Collector or other officer empowered by the Collector in that behalf at the time of the purchase and where the remainder of the purchase money may not be paid within 30 days the money so deposited shall be liable to forfeiture

The liquidator it is stated, has no funds to deposit the cash as required by the provisions of the Act and unless a special relaxation of Rules is made in this case, the Dy Regr will not be able to cope up with the combination of bodies. In order to get over this difficulty the Regr has recommended that the liquidator may be exempted from the Rule regarding the deposit of 15% of the purchase money at the time of the sale

put up

para 3 of 2 cf

para 4 ibid

by his giving a voucher as having received the amount paid by him at the time of the sale. Both transactions will be simultaneous and a similar arrangement could be made before confirmation of the sale in regard to the balance of the purchase money. This eventuality will have to be anticipated only when there is a combination amongst the members of the Society who might bid. Please see Rev notes at p 14 of Lodged 1536(III)/31 (P) they have already noted that the concession involves an amendment of the Act and thus Dept. then considered that it was not worth while proceeding with the suggestion. ~~amending the Revenue Recovery Act for allowing the concession. As the case relates to Revenue it is submitted that the case may be transferred to Rev for disposal~~ Action is necessary for satisfying Govt. decree. In the present case, however, the dealings are inter-departmental — between the Rev and Coop. depts — and perhaps involve only a book adjustment towards the payments in question. The remarks of Rev. may be invited. Whether

received from the Rev. Dept. towards the final payment by Treas. Dept. out of the proceeds of the sale i.e., Rev. Dept. will have the Coop. Dept. only 75% of the proceeds

Fol 2.9.31

in these circumstances, ~~any~~ the concessions asked for can be granted in favour of the liquidator.

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8.9.31

The remarks of Revenue are written on the proposal of the Registrar.

Rv 2898 E
4.9.31

E3 pm 49

SR
3/9/31

ASSISTANT SECRETARY TO GOVERNMENT
4 SEP. 1931
REVENUE DEPARTMENT

Rev

Dev No. 2449 VII/31-1
3.9.31

Revenue Department

To. Under Secretary

The facts of the case are given in the letter from the R.C.S. (Registrar of Cooperative Societies) in the C.F. & in Dev. notes above.

The provisions about payment of 15% in the case of immovable property are contained in section 36 third & fourth of the Revenue Recovery Act II of 1864. The provisions are mandatory and no exemption can be made (by an executive order) as suggested in paragraph 4 of the letter from the R.C.S.

P. 352 Madras Code Vol. I Orders in Secy's list.

P. 2 C.F.

The usual procedure adopted

Recd 9/8/1945
O-146 Vol. I

by the officers of the Revenue Department at sales for arrears of revenue, where there is a combination among the people present not to bid for the property, is for the selling officer to bid for the property on behalf of Govt for a nominal sum not exceeding the annual assessment of the land. If necessary, consider the point whether the liquidator may be asked similarly to bid for the property for a nominal amount.

The above suggestion does not appear to be quite fair. In sales for arrears of revenue the assessment is a very small part of the value of the land.

In this case we wish to realise as much of the sum of Rs 8343 advanced as possible. If the liquidator is authorised to bid upto a fixed nominal sum the defaulters or their agents may raise the bid by (4 annas) & would get full title to the lands. Our object would thus be frustrated. Presumably the full purchase money will have to be paid by book adjustment or otherwise before the sale is confirmed. You may be requested to advise whether the proceeds by which funds are made available for this purpose cannot be

Hal
8/31.
O.K.
9/9/31

adopted for providing the sum that would be necessary to enable the liquidator to bid upto a reasonable amount. A

9-9-51

The only question which concerns this Dept is whether the liquidator, if he is the successful bidder, can be exempted from the rule requiring a deposit of 15% of the purchase money. The answer must be that he cannot be so exempted. As regards the tactics which the liquidator should adopt at the sale, the question is for Govt. to consider.

10-9-51

Govt

10.9.51

Please see Rev note above. Finance may be requested to advise as suggested by Revenue. Tactics which S should follow.

12/9.

A above. Fin (Accts)

Subject that the money required by the liquidator (Dy. Registrar, Mangalore)

Rev no 28989/38-1

Rev. 2585-III
11-9-31

Dev no. 2449 III/31-2
14.9.1931

F 28112 acct

for the deposit of 15% of the purchase price at th time of purchase may be treated as a special advand under Art. 295 of M.F.A.C., Vol. I.

It has been ascertained from the Accountant General's office that the requirements of the Act can be met by authorising the Treasury Officer to debit the amount to Special advances by credit to Revenue deposits and to issue the necessary adjustment voucher.

2. If it is not found necessary for the liquidator to bid at the sales, the special advance head will then be credited by debit to Revenue deposits.

If, however, the liquidator is forced to bid at the sale and purchase the houses, it will take a long time for him to sell them and clear the special advance account. The Acctt-Genl will therefore require that the whole of the purchase money should be debited to "34 - c. Agriculture - Co-operative Credit", by credit to Loans and Advances ; the amoun realised by the subsequent sale of the houses to private parties will be credited to "XXIV - Agriculture - Co-operative Credit". An appropriation will be necessary under "34.c." and the Registrar should be asked to suggest reappropriation to meet this expenditure.

3. Development may be requested to consult the Accountant General u.o. before issue of orders.

23.9.31

Dev. 2760-III
28-9-31

23.9.31

SECRETARY TO GOVT
28 SEP 1931
DEVELOPMENT DEPT

12 ✓ Dev Dept

To U.S.

Please see fn note ante. The file may now be sent to the Acct. Gl. U.O. for remarks, with the request that it may be expedited as the Regr is pressing for early orders

29.9.87.

29/9.

Accountant General U.O.

(The Regr has phoned, since the sales are to take place in the first week of Oct)

DEV M 244911/87
29.9.87

The suggestions in page 7 of the Secretariat notes indicate that 15% of the purchase price should be deposited with the Collector before the commencement of the bid; and that the amount required for such deficit may be treated as a "Special Advance". But the third rule under section 36 of the Revenue Recovery Act does not seem to contemplate such advance payment. As the words "15% of the price of the land should be deposited by the purchaser" in the rule would imply, the amount is payable only if the liquidator becomes the successful bidder--Vide also the remarks of the Revenue Department in page 6 of the notes. In the latter case, the full amount of the purchase price will any how have to be paid by the liquidator. I would therefore suggest that the entire price money may be paid by debit to "Special Advances" by transfer credit to "Revenue deposits". The amount placed under "Revenue deposits" is again payable only to the liquidator and the credit will therefore be transferred from the "Deposit" head to "Special Advances".

Cl. H on p. 7 above

B

B

The original debit of Rs. 8,475/- to "Loans and Advances" will remain unaffected. The amounts realised by subsequent sales should be credited to this head; and the balance outstanding, if any, written off by Government..

SECRETARIAT
SUBJECT
DEVELOPMENT DEPT

U.O. 186 3/10/31

The Secretary to the Government of Madras, Development De
A.G. Madras, U.O. No. T.M. 7-9-828 dated 3-10-1931.

Dev. 2853-III
5-10-31

Dev Dept

To H.S.

Please See Fin note para 2 at p 7 ante and the Acct G's opinion above There is every likelihood of anticipating a Combination of bidders and the Dev Regr will become a bidder and must deposit 15% of the purchase money to Comply with the provisions of the Rev Recovery Act As observed by Revenue the provisions are mandatory and no relaxation of the rules is therefore permissible. The only way out of the difficulty seems to be as suggested by Finance + A.G, by authorising the Treasury officer to debit the entire price money to Special Advance by transfer credit to Rev Deposit The amount placed under "Rev Deposit

See 36 of Rev Recovery Act 1918 & 47 mutatis

Rs 8475

14

will be again payable to the liquidator Dy Regr) and the Credit can be then transferred from the head "Deposit" to Special Advance". The amounts realised later on by subsequent sales by the Dy Regr can be credited to the Head "Loans & Advances". If there are any balances outstanding they cs.. be written off by Govt

presumably there will be some loss

A draft order is submitted for approval which may go to Fin for acceptance

6-10-81

7/10.

Finance

Dev no 2449 III/81-4
7-10-81

Finance (Acct.)

(Previous note of this deptt. on pages 6-7 above)

The draft order follows the suggestion of the Accountant General at B on pages 8-9 above and may be accepted.

9.10.81 9.10.81

Finance 3495 acct-1

Dev Deptt.

For orders if the draft may be issued.

12/X.

S.

12/10/81

Dev 2935 III/81
12-X-81

Sect. 11-5 (a)

15

DEPARTMENT.

	Date.	Initials.
When received for Fair-copying.		
When copied	13/10	
When examined		
When signed		
When despatched		

Cooperative Societies

Liquidation The Panemangalore C Building Society

Recovery of Govt dues - Opinion Communicated -

U/13/10

READ AGAIN G.O. No. ....., dated 19

" " " " ..... " 19

READ ALSO :—

C. No. 2449 14/30 From the Regr of C.S., No. 7 8497/31, dated 24-8-1930.

" " ..... " " ..... " ..... " 19

" " ..... " " ..... " ..... " 19

ORDER.

No. 1489, dated 13-10-1931.

Thus,

The Govt Considers that as the provision of section 36 of the Rev Recovery Act should be satisfied the following procedure may be adopted to ~~prevent~~ weak the Combination of bidders at the Sales to be Conducted in Connection with the Liquidation of the Panemangalore Cooperative C. Building Society.

The Treasury Officer will be authorised to place the entire price money of Rs 8475 by transfer credit to

B on pp 8-9 N.F.

Rev Deposits by debit to Special Advances. When the amount is payable to the liquidator the credit will be transferred from the Rev Deposit "head to "Spl advances". The original debit of Rs 8475/- to "Loans and Advances" will remain unaffected. The amounts realised by subsequent sales should be credited to this head: ~~and the balance outstanding if any, written off by Govt~~.

M. 6x31 6.10.31 7/10.

B on tp. 8-9 N.F.

To the Regr of C.S.
(A.10)

Dmt 14/x/31